

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



REF. No.:- A2ZINFRA/SE/2017-18/050

14th August, 2017

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Rotunda Building, Dalal Street,
Mumbai-400 001

Fax-022-22722039
BSE Code-533292

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor
Plot No. C/1 G Block, Bandra Kurla Complex, Bandra
(E), Mumbai-400051
Fax- 022-26598237/38
NSE Code-A2ZINFRA

Subject: Outcome of the Board Meeting duly held on Monday, August 14, 2017

Dear Sir,

The decisions and outcome of the Meeting of the Board of Directors of the A2Z Infra Engineering Ltd. duly held on Monday, August 14, 2017 are as follows:-

1. Due to some personal commitment, Mrs. Dipali Mittal has given her resignation from the designation of Whole-Time Director of the Company and she will Continue as Non-Executive Director of the Company w.e.f 14th August, 2017.
2. The Financial Results have been reviewed by the Audit Committee and on the recommendations of the Committee; the Board of Directors have approved the Standalone Unaudited Financial Results for the Quarter (Q1) ended June 30, 2017, along with the Limited Review Report issued by the Statutory Auditors. The Copy of the Unaudited Financial Results and the Limited Review Report is attached as Annexure - A.

A copy thereof has also been sent for publication as per the requirements.

The said outcome and results have been uploaded on the website of Stock Exchange and on the website of the Company at www.a2zgroup.co.in.

You are requested to take the above information on record.

Thanking you,

Yours truly
FOR A2Z INFRA ENGINEERING LTD.

(Atul Kumar Agarwal)
Company Secretary
FCS-6453

Add: - Plot No. B-38, Institutional area,
Sector-32, Gurgaon-Haryana



Regd Office : 0-116, First Floor, Shopping Mall, Arjun Marg, DLF City, Phase - 1, Gurugram-122002, Haryana (INDIA)

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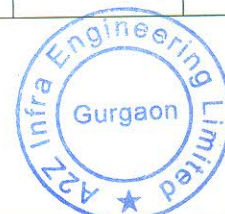
Statement of Standalone Unaudited Financial Results for the quarter ended June 30, 2017

(Amount in Rs Lacs)

S. No.	Particulars	Quarter Ended			Year Ended
		June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
		Unaudited	Refer note 1	Unaudited	Audited
1	Revenue				
	Revenue from operations	11,205.65	17,008.59	20,270.46	63,455.83
	Other Income	277.00	322.56	527.68	1,563.48
	Total income	11,482.65	17,331.15	20,798.14	65,019.31
2	Expenses				
	Cost of material consumed	8,073.75	13,794.72	16,322.40	47,240.91
	Purchase of Stock in Trade	2,036.93	780.59	1,038.11	4,996.99
	Employee benefit expenses	534.60	521.42	495.30	1,965.05
	Finance costs	3,044.02	3,213.80	2,817.07	11,967.31
	Depreciation and amortisation expenses	328.33	348.41	370.11	1,447.52
	Other expenses	639.54	898.44	1,323.60	4,501.85
	Total expenses	14,657.17	19,557.38	22,366.59	72,119.63
3	Loss before exceptional items and tax	(3,174.52)	(2,226.23)	(1,568.45)	(7,100.32)
4	Exceptional items - loss	(444.08)	(959.58)	-	(959.58)
5	Loss before tax	(3,618.60)	(3,185.81)	(1,568.45)	(8,059.90)
	Current tax	16.90	(9.72)	-	3.67
	Deferred tax charge	0.04	4,796.21	306.76	5,855.41
6	Loss for the period/year	(3,635.54)	(7,972.30)	(1,875.21)	(13,918.98)
7	Other Comprehensive Income				
	Items that will not be reclassified to profit and loss	13.67	9.49	34.38	29.58
	Total Other Comprehensive Income for the period/year	13.67	9.49	34.38	29.58
8	Total Comprehensive Income for the period/year	(3,621.87)	(7,962.81)	(1,840.83)	(13,889.40)
9	Paid-up equity share capital (Face value of the share - Rs 10/- each)	14,507.45	14,494.95	12,689.40	14,494.95
10	Loss per equity share (for continuing operation) :				
	(a) Basic	(2.51)	(5.97)	(1.48)	(10.75)
	(b) Diluted	(2.51)	(5.97)	(1.48)	(10.75)



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Notes:

- 1) The above standalone financial results have been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on August 14, 2017. The statutory auditors have reviewed the above standalone financial results for the quarter ended June 30, 2017.

The figures for the quarters ended March 31, 2017 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2017 and the unaudited published year to date figures up to December 31, 2016, being the end of the third quarter of the financial year which were subject to a limited review.

- 2) The auditors in their review report have drawn attention to the following matters:

- a. The management has performed impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Built, Own, Operate and Transfer (BOOT) basis for a period of 15 years. As at June 30, 2017, such plants have a power generation capacity of 15 MW each. The assessment has been done on the basis of assumptions of useful life of assets, discounted cash flows with significant underlying assumptions, achievement of certain operating capacity and the ability of new technology to perform on a consistent basis.

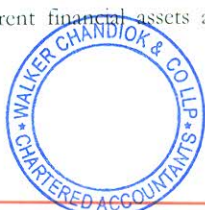
The management had filed a writ petition with the High Court of Punjab and Haryana for the extension of the concession period wherein the Hon'ble Court has directed the sugar mills to consider the request made by the Company for the extension within a period of 3 months. Additionally, the Company has also initiated arbitration proceedings with the sugar mills for the extension. Based on the assessment and advice from an independent legal counsel on the availability of concession period, excluding the available renewal period by exercising the option for renewal/ extension of the concession period, the management, is confident, that there exists reasonable certainty that arrangement shall be extended for a term of 5 years. Accordingly management believes that the estimates of the useful lives are reasonable and no further material adjustments to the carrying value of these plants are necessary.

- b. Contract revenue in excess of billing amounting Rs. 13,129.23 lacs, pertains to revenue recognized by the Company during earlier years, representing amounts billable to, and receivable from the customers towards work done on certain EPC contracts under execution by the Company in accordance with the terms implicit in the contract. The delay in billing these amounts is on account of conclusion of reconciliations with the customers, pending joint measurement/survey of the work done till date and non-achievement of milestones as per the contractual terms. Management is in discussion with the customers and expects to bill these amounts at the earliest, and believes that whilst it may take some time to recover the amounts owing to completion of certain administrative and contractual matters, the current provision being carried in the books is adequate and no further material adjustments are considered necessary in respect of above balances.

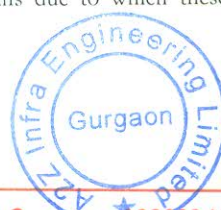
- c. The Income tax authorities conducted a search and survey at certain premises of the Company under section 132 and 133 of the Income Tax Act, 1961 in April 2012. During the year ended March 31, 2015, the Company received the Assessment Orders for the assessment years 2009-10 to 2013-14 from the Deputy Commissioner of Income Tax (DCIT) demanding additional tax liability of Rs. 1,992.17 lacs. The Company had filed appeals with Commissioner of Income Tax (CIT) (Appeals) challenging these orders against which the said authority has granted partial relief to the Company. The Company and the income tax authorities have further filed appeals with Income Tax Appellate Tribunal (ITAT) challenging the Orders for these assessment years.

Based on their assessment and upon consideration of advice from the independent legal counsel, the management believes that the Company has reasonable chances of succeeding before the ITAT and does not foresee any material liability. Pending final decision on these matters no adjustments have been made in the financial results.

- d. The Company, as at June 30, 2017, has non-current investments amounting to Rs 19,605.46 lacs, other current financial assets (net of provision) amounting to Rs. 402.47 lacs and current financial assets-loan amounting to Rs. 21.69 lacs in its subsidiary A2Z Green Waste Management Limited which has 100% holding in various SPVs under its fold and hereinafter A2Z Green Waste Management Limited together with its subsidiaries is referred to as A2Z Green Waste Management Group. While A2Z Green Waste Management Group has incurred losses during its initial years and consolidated net-worth as at June 30, 2017 has been substantially eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. The net worth of A2Z Green Waste Management Group does not represent its true market value as the value of the underlying investments/assets, based on valuation report of an independent valuer, is higher. Therefore, the management believes that the realisable amount of these subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.



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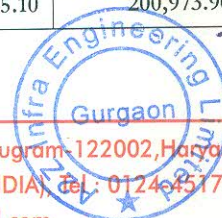
- 3) The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108). The Company is operating into following segments – (i) Engineering Service (ES), (ii) Power generation projects ("PGP") and (iii) Others which primarily includes trading of goods and operation and maintenance services etc.

(Amount in Rs Lacs)

Particulars	Quarter Ended			Year Ended
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
	Unaudited	Refer note 1	Unaudited	Audited
1. Segment Revenue				
(a) Segment – ES	8,701.74	15,703.92	18,891.91	56,706.93
(b) Segment – PGP	-	56.29	69.29	154.39
(c) Segment – Others	2,503.91	1,248.38	1,309.26	6,594.51
Total	11,205.65	17,008.59	20,270.46	63,455.83
Less: Inter segment revenue	-	-	-	-
Revenue from operations	11,205.65	17,008.59	20,270.46	63,455.83
2. Segment results [Profit / (Loss) before tax and interest from each segment]				
(a) Segment – ES	(204.54)	1,199.84	833.00	4,666.73
(b) Segment – PGP	(255.06)	(268.22)	(76.62)	(1,081.47)
(c) Segment – Others	74.72	(124.01)	64.89	386.42
Total	(384.88)	807.61	821.27	3,971.68
Less: Inter segment results	-	-	-	-
Net segment results	(384.88)	807.61	821.27	3,971.68
Add: Interest income	254.39	178.97	229.04	895.31
Less:				
(i) Interest expense	2,915.15	3,034.51	2,676.50	11,370.76
(ii) Other unallocable expenditure net off unallocable income	128.88	178.30	(57.74)	596.55
Loss before exceptional item and tax	(3,174.52)	(2,226.23)	(1,568.45)	(7,100.32)
Exceptional items				
(a) Segment – ES	-	3,038.12	-	3,038.12
(b) Segment – PGP	-	6,839.46	-	6,839.46
(c) Unallocable items	444.08	(8,918.00)	-	(8,918.00)
Loss after exceptional item and before tax	(3,618.60)	(3,185.81)	(1,568.45)	(8,059.90)
3. Segment assets				
(a) Segment – ES	166,791.36	172,966.76	173,142.17	172,966.76
(b) Segment – PGP	34,412.18	34,662.75	42,258.46	34,662.75
(c) Segment – Others	1,634.34	1,604.28	2,269.55	1,604.28
(d) Unallocated	41,287.77	41,881.79	47,681.70	41,881.79
Total Assets	244,125.65	251,115.58	265,351.88	251,115.58
4. Segment liabilities				
(a) Segment – ES	75,644.74	79,131.52	103,926.95	79,131.52
(b) Segment – PGP	209.07	599.24	924.68	599.24
(c) Segment – Others	2,789.83	1,480.44	1,953.30	1,480.44
(d) Unallocated	109,575.14	109,433.90	94,168.97	109,433.90
Total Liabilities	188,218.78	190,645.10	200,973.90	190,645.10



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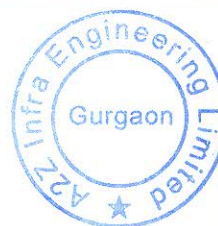


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- 4) The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under, other accounting pronouncements generally accepted in India and in terms of Regulation 33 of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015 and SEBI circular dated July 5, 2016.
- 5) During the quarter ended June 30, 2017, The Company has sold the entire shareholding in its subsidiary i.e. Star Transformers Limited. Consequently Star Transformers Limited ceases to be a subsidiary of the Company and The Company has incurred Rs. 444.08 lacs as loss on sale of investment in the financial results.
- 6) During the quarter ended June 30, 2017, The Company has allotted 125,005 equity shares of face value Rs. 10/- each to the eligible employees of the Company who have exercised their stock option under the A2Z Employee Stock Option Plan 2013 (Trench I and II) and A2Z Employee Stock Option Plan 2014. These shares are pari-passu with the existing equity shares of the Company in all respects. Thus Post such allotment, the paid up equity share capital of The Company stands increase to Rs. 14,507.45 lacs.
- 7) The figures of previous periods/year have been regrouped or recast wherever necessary to make them comparable with those of the current period/year.



For and on behalf of A2Z Infra Engineering Limited



Amit Mittal
Managing Director
DIN: 00058944

Place: Gurugram
Date: August 14, 2017

Walker Chandniok & Co LLP
(Formerly Walker, Chandniok & Co)
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurgaon 122002
India

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Independent Auditor's Review Report on Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of A2Z Infra Engineering Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results ('Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter ended 30 June 2017 being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. We draw attention to:
 - (i) Note 2(a) in the accompanying Statement, which describes the uncertainty relating to the estimates and assumptions, including extension of the concession period, used by the management with respect to the impairment assessment of the cogeneration power plants classified under property, plant and equipment and capital work-in-progress.



- (ii) Note 2(b) in the accompanying Statement with respect to contract revenue recognised in excess of billing relating to certain projects which are still in progress aggregating to Rs. 13,129.23 lacs, recognized in the earlier years. Management, based on ongoing discussions/ negotiations with the customers believes that these amounts are completely billable and accordingly, no adjustments have been made in the financial results.
- (iii) Note 2(c) in the accompanying Statement, which describes the uncertainty relating to the outcome of litigation pertaining to income tax matters pursuant to assessment orders received by the Company for the Assessment years 2009-10 to 2013-14 which are pending with Income Tax Appellate Tribunal (ITAT). Pending the final outcome of these matters, which is presently unascertainable, no further adjustments have been made in the standalone financial results.
- (iv) Note 2(d) in the accompanying Statement, regarding the Company's non-current investments in its subsidiary company, its other current financial assets (net of provision) and its current financial assets (loan) aggregating Rs 19,605.46 lacs, Rs 402.47 lacs and Rs 21.69 lacs, respectively. The consolidated net worth of the aforesaid subsidiary company as at 30 June 2017 has been fully eroded; however, based on the future business plans and projections of the subsidiary company, which have been developed using certain management assumptions and estimates, as described in the aforesaid Note, management believes that the realizable amount is higher than the carrying value of the investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable. Accordingly, no provisions against the aforesaid amounts have been recognised in the standalone financial results.

Our review Report is not modified in respect of above matters

5. We did not review the interim financial results of three branches, included in the Statement, whose interim financial results reflect total revenues (after eliminating intra-group transactions) of Rs. 1,982.23 lacs and net profit after tax (after eliminating intra-group transactions) of Rs. 25.60 lacs for the quarter ended 30 June 2017. These financial results have been reviewed by the branch auditors whose report has been furnished to us and our review report in respect thereof is based solely on their reports. Our review report is not modified in respect of this matter.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Neeraj

per Neeraj Sharma

Partner

Membership No: 502103



Gurgaon

14 August 2017